



Energy Efficiency Board

Commercial & Industrial Committee Meeting

Tuesday March 9, 2021 1:00 – 3:30 PM

Meeting Materials in Box.com: <https://app.box.com/s/ahre71e9ml8gsfa97f0unthhgkwc2ubp>

1. Roll call

Committee Members: Neil Beup, Jack Traver, Donna Wells, and Joel Kopylec

Attendees: Alex Sopelak, Elizabeth Murphy, Emily Rice, George Lawrence, Glenn Reed, James Beatrice, Jamie Klase, Jillian Winterkorn, John Kibbee, Jordan Schellens, Mike Li, Peter Ludwig, Randy Vagnini, Adam Jacobs, Amanda Fargo-Johnson, Colleen Morrison, Daniel Robertson, Dave McIntosh, Jamie Klase, Jodi Sullivan, Madison Butler, Mark Rubano, Mike Weissmann, Philip Mosenthal

2. Connecticut Green Bank Update – CGB

Mr. Peter Ludwig provided an update on the C-PACE Program. C-PACE has loaned approximately 200 million in loans for a variety of commercial projects; dominated by solar energy projects. C-PACE is offering lower-cost capital via the Small Business Energy Advantage Program, with interest rates as low as 2.5%. This program has expanded to larger commercial customers through partnerships with utilities. Charge Up CT Program incentivizes commercial building owners to invest in EV charging stations.

Mr. Beup inquired about the distribution of projects by project type (energy efficiency, renewable energy, and combined EE and renewable projects); specifically (1) 15% of projects are energy efficiency only, clarifying that renewable energy projects do not include energy efficiency measures, (2) does C-PACE require energy efficiency measures as a pre-requisite to install solar PV, (3) are you seeing there's opportunity to expand energy efficiency projects?, (4) do you have historical data that demonstrates mix of projects, has the makeup evolved over time?, (5) the broader point is how can we maximize effectiveness of programs for both EE and RE, - are there opportunities to do so?, (6) is it possible that C-PACE participants representing in the RE category are, in fact, installing EE measures but they are doing it outside of the program

Mr. Ludwig responded that (1) yes, 15% of projects are energy efficiency projects and 71% of renewable projects financed do not include an EE component, (2) there is no statutory requirement for renewable projects to include an EE component, (3) there are opportunities to expand and Mr. Ludwig is attuned to that, (4) he does not have this information but can follow up, (5) Mr. Ludwig is very interested in having more conversations about how to do this. He noted that many variables impact project volume, from different sales approach of solar vendors compared to EE contractors, the business case for EE leading to less need for C-PACE financing. But nonetheless, opportunities do exist to see more comprehensive projects, (6) Correct, participants installing solar may be doing EE projects and using alternative financing mechanisms outside of the C-PACE program.

Mr. Li clarified Residential Solar Incentive program requires energy efficiency measures, but otherwise it is not a requirement. Mr. Lawrence confirmed 2019 CBG mix to be consistent with the 2020 mix: 70% renewable, 15% EE, 15% combined.

Mr. Reed inquired whether the 71% RE projects were mostly PV and Mr. Ludwig believe they are mostly PV. Mr. Kibbee asked how many projects are represented in the presentation; Mr. Ludwig said 10-20 projects per year but this varies. Mr. Kibbee inquired whether the EV Charging Stations include potential use demand assets or interoperability standards as part of the installs and Mr. Ludwig wasn't sure.

Supporting Material: "2-CGB EEB CI Update_3.4.2121.pdf"

3. Review of Final C&I Equity Metric – Chairman and Consultants

Mr. Beup provided an update regarding the CI Equity Metric. Much work has been done between committee meetings due a pending deadline. The data was informative and the as the equity metric evolves and as stakeholders prepare for the new Three-Year Plan, the data will be updated. Ultimately the team considered a broad array of data, starting with what was available, helpful, and useful and using the Oregon model which focused on geography and hard-to-reach populations. Factors considered include participation rates by quartile, by sector, Company contributions and unused funds. The goal is to address core tiles contributing more than they were receiving, and that needed it, with an aim to also increase participation and funding. This will in effect drive greater EE savings.

Mr. Schellens stated that the scope of data was a five-year period; and included participation and impact numbers. This will become the baseline and as subsequent data is added each year, will continue to evolve. Mr. Beup added that the data highlighted areas of focus and will be a useful tool for improving program efficacy.

Mr. Beup welcomed input and feedback. Mr. Kibbee noted that indexing can be misleading and appreciated the data goes down to the customer-level, which can mitigate skewed understanding of participation numbers. Mr. Beup stated an interest in getting a report from the Companies this year regarding their observations and receiving regular feedback from the Companies. Mr. Beup also maintains this data can inform economic development for the state of Connecticut. Mr. Lawrence reiterated that the equity metric may evolve, but added it may not and this will be driven by what happens this year.

Mr. Travers asked for anecdotal observations and Mr. Beup noted that by shifting from measuring by measure to by sector offered insight into what offerings are ineffective to get at the best use of taxpayer dollars. And that this data can be used for other purposes, some known (like economic development) and others to be determined with more analysis. Mr. Lawrence noted that the share of contributions you get back in incentives is directly tied to savings but participation was not as neatly tied to either, particularly for certain sectors. Mr. Beup added that for example, the data misspelled the belief that Government and Education are not receiving/participating at a rate commensurate to their contributions. Mr. Kibbee's observation was that these charts offer insight to cost-effectiveness and can help inform program design.

Mr. Beup thanked the Companies, Board, and Consultants for their contribution.

Supporting Materials: "3a - C&I Equitable Distribution KPI Description - Final", "3b - C&I Equitable Distribution KPI Calcs – Final", "3c - Results Board E-Vote on 2021 C&I Equity

Metric”

4. 2020 Year End Results - Companies

Mr. Lawrence introduced the Companies, which presented on 2020 year-end results. Ms. Murphy provided a presentation that highlights key accomplishments, overall savings numbers by program and by segment, and performance metrics; including participating by segment and secondary PMI results. Key accomplishments included new programs like the new construction program aimed at driving marketplace towards zero energy buildings, holding four rounds of HVAC Modernization Demonstration RFP. The Companies worked with DEEP, EEB vendors, and other regional EE partners to develop a mitigation strategy designed to support clean energy contractors throughout the pandemic. New financing offers drove a flurry of program activity in the second half of 2020. Ms. Murphy also provided a deep dive into the Small Business segment. Eversource is pleased with where it landed in 2020, despite challenges, as they delivered demand response and EE projects to 6,317 customers across the C&I sector. Eversource achieved 72% of the annual electric savings goals with 85% of the budget, 69% of the lifetime savings goal, 89% of the peak demand goal. On the gas side the CNI hit 95% of annual savings target with 90% of the overall gas budget, 101% of the lifetime savings target.

Ms. Schellens noted that the bubble charts in the presentation represent Q1-Q3 and the scale will be different for KWH versus CCF. The size of the segment, represented by the balls, is on different scales for each unit. Ms. Schellens also noted, later in the discussion, that Eversource bases sector by account while UI bases on clan level. This will again, reflect varying bubble sizes by Company for each sector. Mr. Traver asked for clarification of the acronym FRE, Ms. Murphy responded “finance, insurance, real estate” and the proper acronym is FRA. Mr. Lawrence noted that in the bubble charts, an ideal world would show each bubble along the 1.5% trendline, not over- or under-indexed; and that year-to-year the index will vary but long-term (5-year) data will show more consistency. If not, that pinpoints which segments need more attention. Ms. Murphy concurred and stated that long-term data can be used to draw more meaningful conclusions. Ms. Schellens noted that more charts can be found in the appendix of the presentation.

Mr. Kibbee noted a minor detail in that the C&I contributes 1.5% proxy where the proxy line is 1.77%, - a bit of a higher slope. Ms. Schellens indicated a disadvantage in the metrics, that there’s no easy way to overlap customers; so, customers with buildings in different territories wouldn’t be included in the clan representation.

Mr. Kibbee presented combined savings numbers by end use for 2020 for both electric and gas measures; lighting dominated and hot water, envelope, food service, and domestic hot water are fractional and not 0% as represented. Mr. Lawrence indicated there may be enhanced or high-performance controls measures included but not shown in the upstream numbers. Mr. Lawrence asked which programs are represented in standard enhanced and high performance; Ms. Murphy responded that UI data includes all programs, EO, new construction and small business and Mr. Kibbee noted that for Eversource it only included large C&I.

Mr. Sopelak presented on the Small Business program and indicated that participation numbers are not where they would like. Mr. Sopelak’s presentation discusses current, past, and desired participation and program metrics; as well as COVID- adaptations that were rolled out in September of 2020. Small businesses were hit hard by the pandemic and this impacted program participation; both from a marketing and enrollment perspective. Mr.

Sopelak discussed that this analysis led to a reflection on what do small business in Connecticut really need in order to invest in EE because the data suggests the status quo doesn't seem to be working. This includes issues of inclusivity, financing mechanisms, and comprehensiveness. Mr. Sopelak also discussed future program design considerations based on this analysis that will improve communication with customers, drive participation, and better serve small businesses.

Mr. Beup noted that Eversource's approach aligns with where the committee has been trying to drive C&I programs and that it connects back to the committee's efforts on equity. Mr. Vagnini thanked Ms. Murphy, Mr. Kibbee, and Mr. Sopelak for thinking outside of the box and offered his services, given his experience in this sector. Mr. Vagnini expressed concern, as one of the CCC spokespersons and 27 contractors, for small businesses that are still struggling and suggested extending the stimulus incentives. Mr. Kibbee stated that they're not in the position to make a ruling or provide an answer to that at this time, but acknowledged it's a concern.

Supporting Material: "Revised 2020 Commercial & Industrial Program Results"

5. Update on Customer Segmentation for C&I Customers – Companies

Mr. Lawrence requested an update from the Companies regarding the 2021 Plan Update, specifically regarding the commitment to work with smaller manufacturers and the focus on agriculture. Mr. Lawrence asked the Companies what the current thinking is with respect to identifying these customers, marketing and outreach strategy, etc.

Ms. Murphy introduced Ms. Winterkorn, working on Eversource's New Construction Energy Efficiency Program, to address the agriculture sector. When Eversource recognized that the New Construction Program wasn't necessarily capturing all the projects resulting from the growing Ag industry in Connecticut, it assigned Ms. Winterkorn as the main contact to capture these projects. While growth in the sector has slowed, there has been a trend towards climate-controlled environments, which includes emerging technologies. Ms. Winterkorn discussed what Eversource has done in the past; like targeted training for farmers, participating in working groups, creating marketing collateral and updating the website, tailoring enhanced program offerings for retrofits, etc. Ms. Winterkorn also discussed 2021 plans for the Ag segment, starting with baseline studies to get at the project pipeline and segment needs. Eversource will continue to focus on engagement.

Mr. Lawrence asked how far into the future the state or even federal government may legalize cannabis and what that might mean for the Ag sector as new farms would certainly impact demand and energy saving potential. Ms. Winterkorn stated that this is on their radar, they're watching Massachusetts which is a step ahead, and the Ag community is preparing, - it may be a few years out. Ms. Winterkorn acknowledged the cannabis industry is energy-intensive due to its long growing season. Ms. Murphy indicated her team is actively engaged given their territory extends to Massachusetts and they are taking lessons learned and applying that knowledge to CT, which will inform program design and strategy.

Regarding Mr. Lawrence's question for small manufacturing, Mr. Kibbee stated that Eversource is careful with phrasing, not using terms like "small" when referring to Agri-business so as not to exclude anyone. Their approach is to meet customers where they are. Eversource is refining internal processes for customer engagement within this sector and applying specialized services like the Energy Use Assessment. Mr. Sopelak highlighted existing targeted programs for manufacturing. Eversource is conducting focus groups to

inform new offers and how to improve existing offers. Mr. Lawrence asked how expensive the Energy Use Assessment is which gets at barriers for these customers – Mr. Beatrice indicated 15-20K, and noted this is a barrier they are looking at. Eversource offers 50% cost-share for EUAs. Mr. Lawrence asked if a pre-screening would be of value, like a free walkthrough, to which Mr. Beatrice indicated this is a pathway they currently offer.

Supporting Material: “6 - C&I Committee Planning 3-9-21.xlsx”

6. Planning for April – Consultants

Mr. Lawrence touched on topics for April: Virtual Commissioning Pilot, weatherization update, DEEP compliance condition. Mr. Lawrence asked for input on building benchmarking. Mr. Kibbee indicated changing personnel and key stakeholders that would be participants in the building benchmarking topic and requested switching this topic unless the timing is good.

Ms. Murphy indicated UI could give an update on the Virtual Commissioning Pilot.

Mr. Lawrence mentioned there will be a discussion in May RE: PMIs for the next Three-Year Plan so we may want to discuss PMIs in April. Ms. Wells asked whether the PMI discussion would be more appropriate before or after the Board’s deep dive in May. Mr. Lawrence stated that the May meeting is forward-looking and the committee will be able to offer insight that will be valuable in preparation for the May deep dive.

Mr. Lawrence can work with the Companies to determine who will take the lead with respect to compliance conditions, weatherization, etc. Mr. Kibbee suggested Ravi, Ron and Mr. Lawrence will follow up.

7. Adjourn

Meeting was adjourned at the completion of Planning for April discussion.